

access INTERNATIONAL

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SPECIAL REPORT:

Far East Asia



Official magazine of IPAF

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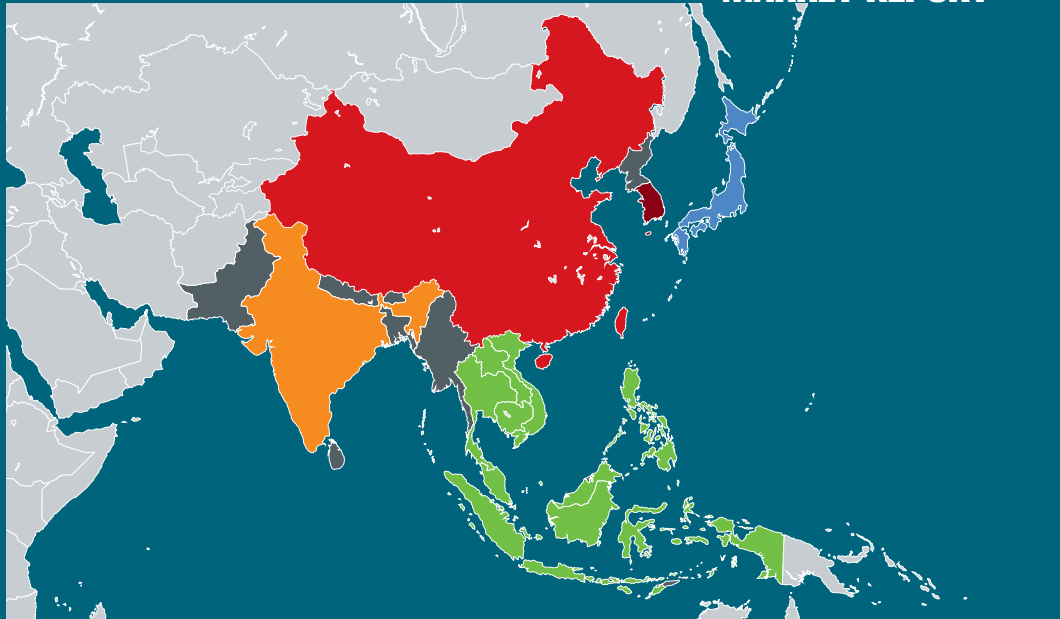
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This report concentrates on Far East Asia, beyond the borders of what is customarily known as the Middle East, with a specific focus on the area that incorporates India to the west, Japan to the east and Indonesia to the south.





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Market report

Complementing its rich variety of cultures, the access industry in Asia is almost as varied. **Access International** provides a comprehensive study of the MEWP sector in the region

Asia boasts some of the most mature access nations in the world, including Japan and Singapore, while at the other end of the spectrum Cambodia and Laos, for example, have no MEWP markets to speak of. However, it is the nations that lie somewhere in between, in terms of their growing access market maturity, that are focusing the attention of the global industry.

Southeast Asia is teeming with emerging MEWP countries, two or three of which have the chance of reaching maturity in the near future, like Thailand and Malaysia. Although the hurdles are often high, the opportunities are great and access growth is inevitable.

As Raymond Wat, IPAF's South East Asia regional general manager says, "Estimated fleet size of countries in this region varies considerably, from the mature markets of Korea and Japan, Hong Kong, Singapore and Taiwan to still developing markets such as Malaysia, Vietnam and Thailand."

Countries that have only recently begun to adopt MEWPs more widely include Indonesia, the Philippines and to an even lesser extent Myanmar, with just 230 units.

Typical applications include constructions aviation, oil refinery, facilities management, infrastructure maintenance and the entertainment industries, including film, TV and sports.

As Wat says, at the start of the Covid-19 outbreak in January this year, most of the

markets in Asia, except Taiwan, Hong Kong and Korea ground to a halt. After the lockdowns were lifted, the rental business began to recover but not to previous levels, with work sites seeing increasing restrictions. "Most countries resumed work after the lockdown, however most countries are now being hit by a second wave, thus markets are slowing down once again owing to the restrictions in place. Safe distancing on job sites is now part of the 'new normal'."

Certainly, the challenges of Covid-19 are not being felt to the same degree across the region. India has, to a great extent, set aside the concerns of the pandemic and is getting back to business. As Jason Woods, IPAF's regional manager, Middle East and South Asia, says, "Covid-19 almost stalled the whole industry, thankfully rental companies are starting to recover. In India we are now seeing utilisation rates up to 65-70%."

On the other hand, India, which is covered in this report, has a tiny access market, compared to its human population. So much so that access professionals in the country say it is several stages away from being considered a mature market. Nevertheless, the green shoots are in evidence, as start-up specialist access equipment rental companies start to appear.

To the north east, China is on the cusp of maturity, only held back by a lack of penetration into industries beyond construction, a still evolving rental model and a

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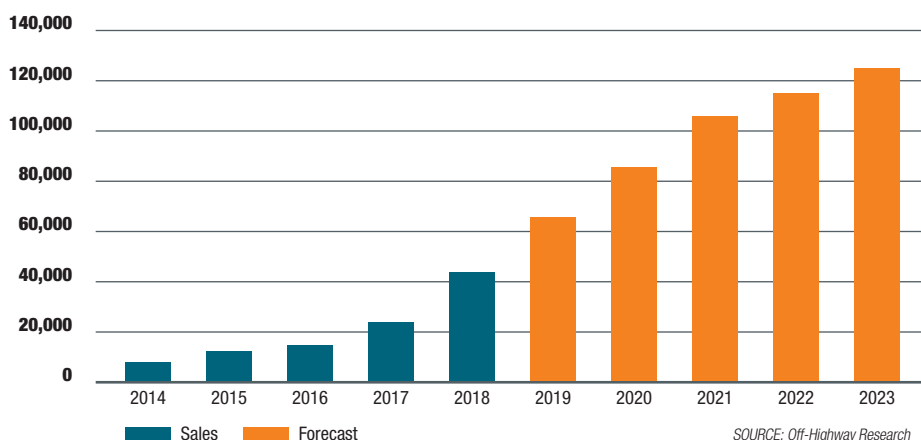
lack of specific and targeted safety regulations. Its MEWP growth figures, on the other hand, are astonishing and will continue to be now that it has thrown off the shackles of Covid-19 and is concentrating on growth.

According to Off-Highway Research, the demand for capital equipment in most countries will shrink this year due to the Covid-19 pandemic, but in China stimulus spending will drive a rise in sales. This will be particularly apparent in the already red-hot powered access segment.

Construction equipment sales in China are expected to rise 14% this year according to revised forecasts. Sales of earthmoving, lifting and road building equipment in China are expected to total 418,180 units this year, compared to 368,115 in 2019. It was previously expected that 2019 would be the high point in the current cycle and that sales would fall to 337,700 units in 2020.

“The central government has adopted policies to increase investment, including a great increase in the issuing of local special bonds. In the first two months of the year, many construction projects were suspended. However, March saw them restart along with numerous new schemes,” says Off-Highway Research’s managing director, Chris Sleight.

CHINA: AERIAL PLATFORM SALES (UNITS)



As Off-Highway Research points out, sales of MEWPs in China grew from just a few thousand platforms per year in the early 2010s, to 43,570 machines in 2018, taking the population to more than 100,000 MEWPs.

Sleight adds, “We expect China to become the biggest AWP market in the world by the middle of this decade in the same way it has become the largest market in the world for earthmoving, roadbuilding and lifting equipment.”

This vision is shared by the numerous access equipment manufacturers and rental companies operating in the country, which beyond creating fierce competition, are part of the process in establishing China as the world’s biggest MEWP nation.

Considering the humble beginnings of China’s access market some 15 years ago, it would seem unwise to forecast anything less for the many other Asian nations that are picking up speed, at varying levels of acceleration. ■



Asia focus

Access International publishes its annual listing of the world’s largest access equipment rental companies in the third quarter of each year. In 2020, the list, which is ranked by fleet size, appeared in the July-August issue of the magazine. This version of the listing focuses on the companies that are active in the geographical area covered

by this report, and include some new entries that would not usually appear in the list due to their size, or because they are part of a larger international group that usually appears as a singly entry, notably Manlift. It shows the largest rental companies working in each country, providing another indication of the size of those markets.

ACCESS50 POSITION (published AI July/August)

RANK 2020	COMPANY	MEWP FLEET 2020	AREAS OF OPERATION
5	Aktio Holdings Corp.	37761	Japan, Taiwan, Bangladesh, Southeast Asia
6	Shanghai Horizon Equipment & Engineering Co.	34964	China
New	Zhongneng United	30000	China
9	Nikken	28707	Japan, USA, Southeast Asia, UAE, Germany
11	Nishio Rent All	24634	Japan, Singapore, Southeast Asia, Australia
17	AJ Networks	13300	South Korea, Vietnam, USA
19	Kanamoto	10762	Japan
20	Korea Rental	9600	Korea, Vietnam, China, India, Qatar, Kuwait, Saudi Arabia
22	XCMG Guanglian Rental	8542	China
23	Modern (International) Access & Scaffolding	4800	Hong Kong, Macau, Singapore
34	Tonguan Machinery Rental	4200	China
36	Aver Asia	3900	Singapore, Cambodia, Malaysia, China, Indonesia, Myanmar, Thailand
RANK 2020	COMPANY	MEWP FLEET 2020	AREAS OF OPERATION
40	Galmon	3000	Singapore
New	Manlift (part of Riwal group)	2550 (India 1,300)	India, Middle East
51	Tayeou Kao Kong Enterprise	2,300	Taiwan
53	Alfasi Hire (EST)	2000	Australia
56	Chicardo Investment (EST)	1800	Hong Kong, Macau
60	Rom Israel	1390	Israel
62	TH Tong Heng Machinery	1316	Malaysia
63	China Construction Bright Futures Equipment	1215	China
65	Guangzhou Liuo Mechanical Equipment Leasing	1200	China
71	Sudhir Power	1050	India, UAE, Saudi Arabia
72	LH Construction and Machinery Leasing (EST)	1050	Singapore
73	JP Nelson Access Equipment (EST)	1000	Singapore, Southeast Asia
New	BB Rental & D-Rent	800	Thailand
New	RentEase	530	India
70	Mtandt Rentals	400	India, Srilanka
New	TNC	400	Vietnam

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COUNTRY FOCUS: China

While China has largely bounced back from Covid-19, the biggest medium- to long-term challenges and opportunities existed well before the pandemic. These must be played out before the country's access equipment market can truly be considered mature.

The overwhelming view across the Chinese MEWP industry is that equipment numbers in the country will continue to rise rapidly, at a rate of more than 35% year-on-year in the next five years.

Ren Hui Li, general manager of Zoomlion's access division, believes this will be the result of the fast-developing high tech industries in the country, such as electronics and electric and hybrid vehicles.

Secondly, the range of applications for access equipment is expanding. The majority are concentrated in the construction industry; however, half of the demand in mature global markets come from the service and industrial fields. With further development of the services industry and the implementation of urban renewal in China, the demand for access equipment in those fields will bring it in alignment with mature markets.

Thirdly, most rental companies in China have a disproportionately high number of scissor lifts, again compared to mature markets.

Another factor is the sudden decline of rental rates for access equipment. They have been dropping 25% year-on-year since 2018, and their current level means it will take the average rental company five years to recover

the cost of new scissor equipment. However, it expected that with the gradual stabilisation of the rental market and the development of more applications in the future, rental rates will first decline and then rise, and finally reach a relatively stable state.

Wang Shi Jin, general manager and owner of rental company and distributor CCBF, says the impact of the declining rental rates has proved



a far greater challenge than the pandemic. For example, last year the average rental rate for a 26m boom lift was RMB26,000 (\$3,884) per month, this year it has dropped to RMB13,000 (\$1,942) per month. For 6m scissors, last year the average rate was RMB2,000 (\$29) per month, while this year that has dropped to just a few hundred RMB. CCBF says it has managed to rent at a slightly higher than average price this year but is still feeling the strain.

Rental challenges

This substantial challenge for the smaller rental companies in China lies in contrast to the V-shaped economic recovery from Covid-19 that the overall access market has seen since April, following the immediate effect of the pandemic on the market in February.

JLG says it has experienced the same positive curve in sales and is now back on track. The company believes the access industry in China will continue to see strong growth both in the short and longer term. It puts year-on-year growth at more than 50% in 2020.

A JLG Industries spokesperson for Asia says, "China's stimulus package and investment in new infrastructure will continue to power the growth of the construction industry, while the increasing adoption rate of AWP's in China will serve as the main growth driver in the years ahead."

The company expects the total number of units working in China to exceed 200,000 by the end of 2020. "In the past two years the annual unit sales of access equipment more than tripled. We expect the market will continue to grow at a high rate, between 30% and 50%, for three to five years."

However, growth is not limitless and the view across the industry is that once China's new machine sales exceed US market levels, the growth rate will slow.

Haulotte has a more pessimistic assessment of the next five years, as it sees another trend of a maturing market coming into play, that of



LGMG on slab scissor duties



Haulotte boom for power generation



XCMG delivers booms to port giant ZPMC



POPULATION **1.44 billion**
AERIAL POPULATION **160000**



Genie booms in stadium construction

Domestic specialists

Discover the views of China's specialist access equipment manufacturers, through interviews with senior representatives from Dingli, Sinoboom and Mantall.

The report can be found in the features section on the AI website: www.khl.com/ai



buyouts and acquisitions. "The growth rate is expected to reduce significantly in the next five years as the rental market will likely see a first phase of consolidation, while profitability of rental businesses will decrease."

New entrants

Generalist construction equipment manufacturer LGMG started its access equipment division in 2015 and claims to have produced 18,000 MEWPs in 2019 alone, achieving a revenue of RMB 1.38 billion (\$235 million), across its access-related services for that year.

A sure sign of the company's strength is the agreement it signed in June with China's largest access rental company Shanghai Horizon Equipment to become an official equipment supplier.

Zhi Kai Yin, general manager of LGMG, says some 90% of the manufacturer's sales are to rental companies, which includes four key clients, Horizon, Xinxiang, Huatie, Zhongneng. Horizon is its biggest customer, and to give some indication of the numbers, LGMG supplied the company with 3,000 units in July and 4,000 units in August of this year, with deliveries continuing.

Up to the beginning of this year, Horizon

had 84 depots in China; that will expand to 140 by the end of 2020.

However, LGMG realises the plight of the smaller rental companies. Arguably, the small companies are in a less difficult position as they tend to be localised, with a loyal customer base. The medium sized companies find themselves in competition with both the big companies, with their huge buying power and influence on pricing, and the smaller ones with their local advantages.

Zhi says LGMG while not forget these companies and will offer support through its own financing system and other resources.

Matthew Elvin, CEO at Snorkel expands on the plight of the smaller rental company. While many of the larger players, both manufacturers and rental, have bounced back from the pandemic, there is a different story elsewhere in the industry. "With smaller companies most affected by the lockdowns, we have seen an acceleration in the transfer of market share from small rental companies towards the larger players. As such, at Snorkel we have also needed to redefine our target customer base, to better align with the changes in the rental sector."

According to Zoomlion, China's access rental market has yet to stabilise and develop.

Ren says, "If we look at the market structure of developed markets, we will find that most of the changes in market share comes from acquisitions or mergers, but the overall change here is small. China's rental market is still in the middle of a long track, which has also led to large capital expenditures by the largest rental companies in the short term."

In addition, there are still many areas in China that are still not using access equipment on a large scale. The belief is that small and medium-sized rental companies will have significant room for development in these areas, along with new non-construction applications that will assure their long-term survival.

In production

With the frenzied level of production in the country, the strength of the North American and European-based manufacturers should not be lost or underestimated.

Brands like JLG, Genie, Haulotte and Skyjack are still considered premium in the country. Nevertheless, the launch in the last five years of access divisions by the major Chinese generalist construction equipment manufacturers, LGMG, XCMG, Zoomlion, LiuGong and Sany have increased the pressure. They add to the power of Dingli, China's

Hong Kong

Hong Kong is a well-established and comparatively mature market in the region and despite its political challenges, annual growth rate for its fleet is around 5% - 10%, according to Geoffrey Lee, general manager at Hong Kong's largest access equipment rental company Modern. "Thankfully," he adds, "Comparatively, Covid-19 has not had a major effect on the construction industry here."

The split between new and used units in the country is still overwhelmingly on the side of used, with 80% of equipment bought second hand. Nevertheless, the county's thriving access equipment sector is impressive considering the continued reliance on traditional forms of working at height, specifically bamboo scaffolding.

"Bamboo scaffolding is still a major means of access especially for facade work and scaffolding for renovation works and new apartments. It's market share is being eaten up slowly by modular steel scaffolding. In fact, the bamboo scaffolding market is not much affected by and does not compete with MEWPs."

Concerning the make up of rental fleets in Hong Kong, Lee says JLG and Genie are still the major brands. "But Chinese products are getting more mature and having more and more market share year-by-year. Quality improvement, low shipping cost and low acquisition costs are the major factors that bring more rental companies to invest in Chinese branded equipment."

However, the rental market in Hong Kong is saturated, with rental rates dropping dramatically in recent years. Yet demand is still high, and the market is maturing further with greater uptake of more niche products like tracked platforms.

"Main contractors are requesting more and more add-ons accessories for safety, such as scissor guarding, and other secondary guarding tools and safety devices. And there are more demands for electric booms to replace diesel powered booms in the future."

FLEET POPULATION 16000-18000



Snorkel's assembly plant



largest specialist access equipment producer, with its state of the art scissor lift line and vast newly-opened boom plant.

LGMG has already finished the second phase of its MEWP production plant, with a third of the area being used for boom products. The total capacity for both plants is 50,000, including booms and scissors lifts.

A clearer indication of the difficulties caused by Covid-19 for countries outside of China, are the overseas sales figures for LGMG. In 2019, its export market was more than 2,000 units. Before Covid-19, the 2020 forecast had risen to 8,000 export units. That figure has now been amended to 4,000 units.

XCMG represents another growth phenomenon in the Chinese market, since it began MEWP production in very recent years. It claims to have produced 1,600 booms lifts and 4,000 scissor lifts in the first half of 2020. That will increase to 10,000 scissors and 3,500 boom lifts by the end of the year. It says revenue from access equipment for the first half this year alone is RMB1.13billion.

In August XCMG confirmed a new partnership with rental major Zhongneng United, which has more than 30,000 units in its fleet. The agreement will see closer alignment in product development, service and market expansion.

Bernd Freudenman, managing director of Manitou Asia, says Chinese manufacturers are uping their game when it comes to boom lift technology. "International brands devote their resources to the boom lift market, as the technical threshold of boom lifts are much higher than scissors.

"While they still play the major role in this segment, I think going forward there will be some Chinese brands making significant inroads into the boom market and we will see local brands alongside the international brands."

Offering advanced production facilities in China, means the likes of JLG, Genie and Haulotte, and Snorkel with its assembly lines in the country, have the all important

advantage of localised presence.

The phase two expansion of JLG's Tianjin facility is underway and is expected to be completed by the end of 2020, with the aim of increasing boom capacity. The move to electrification will be a part of the plan, says JLG. "This could happen more quickly than people thought in China, as the government plans to implement upgraded emission control regulations and to move from Stage 3 to Stage 4 in 2022. It will make doing business with machines powered by engines more difficult and Stage 4 engines will be more costly to purchase and maintain, which makes switching to battery-powered machines more attractive even from the economic point of view."

Haulotte produces electric scissors, vertical masts and articulated boom lifts in China and will open a new factory in China over the next two years. It will significantly increase the range of locally produced models, including telescopic and articulated booms, which will also extend to global distribution. Haulotte sales are managed from the head office in Shanghai and branches are located in Beijing, Guangzhou and Wuhan.

Genie has invested heavily in its Changzhou facility in recent years and is about to complete a third phase of expansion that includes a 9,300 square metre extension of its 33,500 square metre factory. Work started on the original site in 2008 and it was extended further in 2011 and again in 2015.

Snorkel has been assembling products in China for a number of years. The assembly of the diesel-powered A46JRT commenced during the summer of 2020 and the first telescopic boom, the 660SJ, is now being assembled ready for launch at Bauma China.

Ongoing challenges

The challenges are stark for all the manufacturers competing in China. One concern is that over the next two to three years, competition will intensify forcing manufacturers into a deeper price and financing war, which could see the industry's average profit margin drop.

In JLG's view, "The other potential issue with less experienced new entrant manufacturers is that they may flood the

One of Modern's new acquisitions, an Almacrawler tracked platform.

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market with machines that do meet safety requirements.

“Those machines may lead to accidents at jobsites, which then could deter end users from switching to AWP’s, slowing down the adoption growth in China and in turn slowing down the market growth.”

All this could continue, as JLG says, “Until some players leave the industry and the remaining ones begin consolidation and stabilise their pricing and commercial strategies.”

This increased competition will push manufacturers from all parts of the world to up their game and offer innovative products, combined with top customer service.

However, there is another element to the aggressive pricing being seen in the country. Elvin says, “At current rental rates, the return on investment for larger rental companies with financial strength could be deemed acceptable. For smaller private rental companies, who generally accept shorter pay back periods, the return on investment may be too low.

“This means that those companies will generally place increased pressure on the OEM to reduce their new equipment prices to help them to compete in the market. Long-term, this is not a sustainable strategy and rental companies will need to find other ways to win customers and generate loyalty.”



Haulotte provides MEWP training in China.

IPAF analysis

by **Bai Ri**, IPAF's representative for China.

The estimated total fleet size in China is expected to be around 150,000-200,000 units by the end of 2020, after several years of sustained and rapid expansion. Having mainly been used in shipbuilding, MEWPs are now widely adopted in construction, municipal and facilities maintenance. Growth rate is estimated to be about 30% a year. As the market matures and competition intensifies, this is expected to slow.

In 2019, the Chinese MEWP rental market value was \$853 million, or \$802 million, according to the newly published IPAF Global Powered Access Rental Market Report 2020. 2019 was a boom year for China's MEWP rental businesses, with the strongest growth in MEWP rental value reported over the past five years (around 38%). The market keeps expanding, new companies entering the market and all players are expanding their fleet in order to meet growing demand. While approximately 800 companies were reported in 2018, the total number of MEWP rental companies in 2019 almost doubled, to stand at around 1,400.

Covid-19 impacted the Chinese market, though to a different degree than in the US or Europe: Activity in China was paused for a shorter time than most other countries at the beginning of the outbreak, with a strict lockdown for less than three months; the market has already returned to something like normal. For SME rental companies, business did slow and many chose to stop investment in fleet expansion or purchase fewer new machines compared to previous years. However, the major rental companies have continued fleet expansion regardless of the Covid-19 situation; Shanghai Horizon alone bought more than 20,000 new MEWPs this year. Overall, fleet growth is similar to last year and the market in China is already recovered and moving forward almost at full speed.

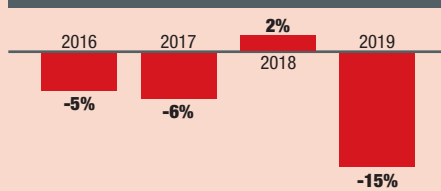
Some small rental companies are having more of a tough time; larger rental companies are doing quite well. Rental rates have fallen back as competition is very fierce and increasing all the time. After five years of growing steadily, and the Covid-19 hurdle seemingly cleared, the outlook for the future of the Chinese MEWP rental market is good: The overall fleet is expected to increase further; but the rate of growth is likely to be slower and the competition much more fierce as the market matures.

Demand for operator training remains static but one driver for increased uptake is likely to come from some of the larger multi-national companies that are operating in China, some established players such as JLG are exhibiting growing interest in training. New standards are being planned that will be equivalent to ISO16368.

Boom-type machines offer the greatest opportunity for market growth compared to the other types of MEWPs. Accidents related to powered access are less frequent compared to those involving other construction equipment and scaffolding, which will also be an incentive and driver of continued market expansion.

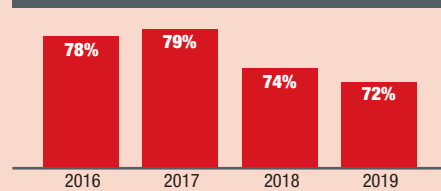
Training is still to be further developed in this market, and if the price-point for offering high-quality training is correct there is likely to be huge demand for training.

CHINA: GROWTH OF MEWP RENTAL RATES



SOURCE: Ducker for IPAF

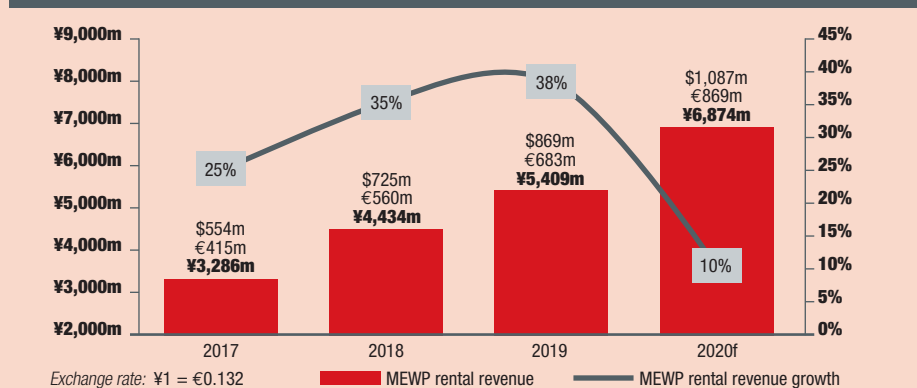
CHINA: AVERAGE TIME UTILISATION



Definition: Physical number of machines out on hire as % of total number in fleet at any given time

SOURCE: Ducker for IPAF

CHINA: MEWP RENTAL REVENUE AND MEWP RENTAL REVENUE GROWTH



Exchange rate: ¥1 = €0.132

MEWP rental revenue (red bars), MEWP rental revenue growth (blue line)

SOURCE: Ducker for IPAF

FURTHER REPORTS: There will be more insights online from a range of manufacturers including Sinoboom, Mantall, Skyjack and Manitou.

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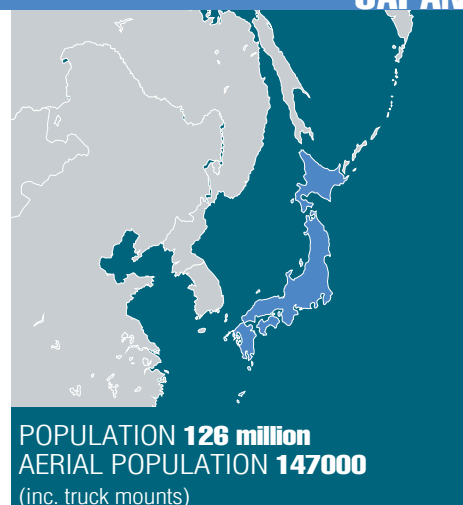
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COUNTRY FOCUS: Japan

Japan has been beset by a series of human and natural disasters in recent years that has challenged the access equipment sector, along with the arrival of the pandemic



Just as the country was recovering from a range of disasters, such as the Fukushima nuclear plant explosion and the Tōhoku earthquake and tsunami, the Covid-19 pandemic hit. With construction work being postponed nationwide and the events sector seeing massive cancellations, access platform operations are also feeling the effects of Covid-19. As truck mount manufacturer Tadano says, the sharp drop in fortunes of event-related equipment rental companies, the main users of truck mounted platforms, has led to a reduction in capital spending and a cautious approach to the future.

This view is reinforced by JLG. While Japan and Korea are its two largest single markets in Asia, outside of China, it says, “Both were hit pretty hard by Covid-19 with double-digit drops so far this year. New projects are being put on-hold and ongoing projects are being postponed. Many rental companies are holding their purchases until the economies get back on track.”

In the future, MEWP manufacturers based outside Japan may not rely on sales in Japan and Korea, as other access markets in Asia emerge. “Both countries are more mature markets with lower year-on-year growth and have cyclical growth patterns driven by a replacement cycle,” JLG confirms.

Indeed, Japan’s recent relatively high growth rate for access equipment was partly driven by the government’s investment in construction for the Tokyo Olympic Games.

Snorkel’s CEO Matthew Elvin agrees that Japan has been one of its strongest performing markets in the Asia-Pacific region, thanks to its sophisticated customer base over a wide range of applications, in construction, industrial and commercial environments.



And it has remained stronger than other markets through the pandemic. “While Covid-19 has affected the Asia Pacific region significantly, Japan has been the exception. Although market demand slowed a little during the summer months as a result of the pandemic, it was a minimal reduction in comparison to neighboring markets. It has already started to recover and has been one of the most stable markets throughout 2020 globally.”

Truck tradition

There are six manufacturers of aerial platforms in Japan; Aichi, Tadano, Maeda Seisakusho, tracked booms lift producer Nagano Kogyo, Hokuetsu Industries, with its Airman scissor lift brand and Denyo.

The country also has the largest truck mounted market in Asia, only matched, pro rata, by Malaysia. The difference being, Malaysia’s truck market is a quirk of its

immaturity and self propelled units are quickly taking over. Japan’s truck mount market remains stable, and all the signs show it will remain so. In recent times, MEWPs produced in the country have seen a greater year-on-year increase over truck mounts, and this is mainly due to major one-off projects like those for the Olympic Games. (See the production of aerial platforms table below).

Tadano estimates the total truck mount market at 70,000 units. Looking at that on an annual basis, Tadano said 2019 demand for truck mounts, reached 5,000 units in the country, with approximately 1,800 of those being supplied by the manufacturer.

However, Tadano’s strength in truck mounts has not been aided by the appearance of Covid-19 either. With the postponement of large-scale projects, the manufacturer believes there will be a downward trend in the demand for access platforms generally.

On the plus side, Tadano adds, “We are expecting to see increasing demand in the infrastructure maintenance markets and increasing activity in the Kansai region due to the World Expo in Osaka in 2025.”

Another challenge for the truck mounted sector in Japan is that rental accounts for more than half of the truck mount population, but depends hugely on the domestic economy. On the other side of the coin, work in electrical and

PRODUCTION OF AERIAL PLATFORMS IN JAPAN			
Fiscal year ending 31 March	2017	2018	2019
Truck mounted	5,517	5,022	5,044
Self propelled	8,354	11,372	10,780
TOTAL	13,871	16,394	15,824

Source: CEMA

telecommunication applications is relatively stable, compared to equipment rental.

Until Covid-19, demand for access equipment had been strong for several years, thanks mainly to major fleet investments by the rental companies. “They have seen increasing needs for their services due to the recovery efforts following natural disasters, such as the Great East Japan Earthquake in 2011, torrential rains, but also infrastructure maintenance, and development for the Tokyo Olympics and Paralympics.”

Chassis factor

In addition, in 2019, Tadano saw a last-minute demand for trucks with 7.5 tonne GVW, or less – the company’s main area of production. This was generated by investment in equipment ahead of tightening emission regulations that will lead to a significant

increase in chassis prices.

“Recently, there has been a tendency to hold back on investments due to a slowdown following the last-minute demand ahead of the new exhaust gas regulations, the decrease in demand related to the Olympics and uncertainty caused by Covid-19,” said Tadano.

One major difference between the access platforms of European manufacturers and those in Japan is that Japanese trucks are subject to tight stability regulations over maximum tilt angles of vehicles. “This is a challenge we need to overcome to match development of large-class platforms offered by European manufacturers.”

From a regulation point of view, the Industrial Safety and Health Act, established by the Ministry of Health, Labour and Welfare, stipulates various rules regarding access platforms. Then, there is the Ordinance



on Industrial Safety and Health and other technical requirements like the Aerial Work Platform Structural Standards. These structural

SOUTH KOREA

COUNTRY FOCUS:

South Korea

Along with Japan, South Korea has the most mature access equipment markets in the region but there are still variations in the sector.

In 2003, South Korea’s aerial platform market stood at just 3,000 units. From there it developed consistently until 2015. From 2016 to 2018, the size of the market exploded, growing 20% each year, meaning 60,000 aerial platforms are now operating in the country. Between 2019 to 2020 that growth rate slumped to 5% annually.

As Mr Kwak, general manager of AJ Networks Construction Equipment, explains this major growth came from Samsung and SK Hynix, which started investing heavily in the construction of semiconductor production plants from 2016. In addition, large-scale housing projects were commissioned simultaneously, with the rate of construction investment in Korea in 2016 being at its highest in 23 years.

The Samsung and SK Hynix sites requested equipment that was less than a year old and rejected MEWPs that was more than five years old. Therefore, it was not possible for rental companies to supply older equipment in their fleets, leading to the mass purchase of new equipment. Indeed, these large sites are using more than 25% of the total MEWP equipment in Korea.

“We needed more than 3,000 units of equipment and secondhand equipment could not meet our demand - price held had no advantage for secondhand equipment.”

Since the beginning of 2019, major rental companies have continued to invest in new equipment, but the smaller companies are now

buying used equipment from those larger rental companies.

On AJ Rentals buying options, Mr Kwak says, “JLG and Genie are selling the most new equipment here. We don’t buy a lot of equipment from Chinese manufacturers; I’ve only purchased a few units on a trial basis. However, most of the equipment we purchase from JLG and Genie are made in their Chinese factories.”

The onset of Covid-19 brought the usual challenges to the sector. The existing construction projects have remained active but new projects have



POPULATION 52 million
AERIAL POPULATION 60000

been delayed. Some 40% to 50% of those delayed projects are expected to get started in the second quarter of 2021.

In the future, Kwak sees the MEWP market growing by 6,000 units each year, an increase of 10%. “It will rebound from next year because growth has been low for the past two years.”

However, South Korea cannot yet be described as truly mature. Strengthening safety standards and an increase in the self propelled boom lift market are key requirements, says Kwak.

Korea’s boom lift market is still relatively small and stands at around 10% of the total MEWP population. Certainly, there is room for growth, adds Kwak. Rather, truck mounts are often used where booms are common in other mature markets, and have a 20% share of the access population. Introducing other more niche product types, for example tracked platforms, is also still a challenge in the country.

The regulations are similar to those found in the US or Europe. All AWP equipment in Korea must be KC-certified. Legally, rental companies and end users must maintain their equipment to that standard throughout its life. “Safety regulations are being tightened and will be changed in a way recommended by the manufacturer, based on KS certification. Rental companies need to keep their equipment in good condition accordingly.” Kwak adds, “We plan to conduct training for our customers, and the Korean government keeps a close eye on safe use.”

AJ Networks is one of the largest rental companies in South Korea.



Tadano's new AT-320XTG truck mount.



requirements are in line with Japanese Industrial Standards (JIS) standards, which are in turn based on ISO standards, "So we expect that they will match future changes in ISO standards," says Tadano.

The company is attempting to expand its exports in and beyond its main overseas markets of Australia, New Zealand, Hong Kong, China, Sri Lanka, the Philippines, and countries that are supported by Japan's official development assistance (ODA).

However, there are some challenges, "As regulations for vehicles in other countries differ from those in Japan, each country has to be looked at individually."

"The design considerations are complex. For instance, it may be necessary to match the bodywork with that of locally procured vehicles."

In many cases, the only answer is to partner with local vehicle chassis producers that can offer the technical capability required to mount Tadano's products onto local trucks.

Nevertheless, the proportion of Tadano's exports accounted for by complete vehicles

procured through ODA and related efforts is currently increasing.

Rental strain

Nishio Rent-All is one of Japan's largest rental companies, with a fleet of 24,634 aerial platforms, operating in its home country, as well as Singapore, Malaysia, Thailand, Vietnam, Indonesia, Philippines, China and Australia. The company is expanding into Japan, Asia, and Australia. The total number of self propelled MEWPs in Japan is around 77,000 units.

According to the company, the percentage split between truck mounts and self-propelled equipment is approximately 40%/60% in favour of self propelled. "Despite the challenges, there are plenty of opportunities for MEWPs. Over the last couple of years, there has been major urban redevelopment," a Nishio representative tells *AI*. This includes in the country's capital, which has provided a great deal of work for aerial platforms. Further regeneration is planned for Tokyo and the Osaka in future years.

Indeed, Nishio points out that Covid-19 is not the only threat to Japan's access industry. "AWPs are largely affected by private capital investment, with the influence of Covid-19, we believe those investment trends are uncertain." However, the company adds that there is also the risk of falling rental prices, thanks to increasing competition in the market.

Skills shortage

Nishio believes there will be no change in safety standards for MEWPs in the country, but customers are demanding improved safety features on equipment. For example, there has been a recent industry trend away from operators using waist belts in the basket to full harnesses.

Naohito Konuma, president and COO of

Japanese rental firm Aktio Corporation, says the general rental industry in Japan has seen growing opportunities in restoration and reconstruction work through cooperation with local governments.

When asked about trends in the Japanese rental market, Konuma says, "The shortage of manpower in the construction and civil engineering industries is a major long-term issue," citing the country's low birth rate and the decreasing number of skilled workers.

This has fueled demand for machinery that is equipped with digital technologies such as telematics.

He suggests the Covid-19 pandemic could have the effect of further driving demand for such digitally-enhanced machines because of the greater need for automation and remote operations to comply with social distancing requirements.

Seigo Minamioka, president and CEO of Japanese rental firm Nikken Corporation, says that, prior to the Covid-19 pandemic, the rental market in Japan was expected to continue growing steadily, but this is now under review. Nikken has seen an overall drop in demand for rental equipment.

"For the time being, investment in the private sector is restrained," he says, "and the demand for rental has decreased substantially. But once Covid-19 is over, the market is expected to gradually come back."

In the public sector, on the other hand, he says, "There is a big demand for restoration and disaster mitigation following the recent great national disasters, and rental demand is stable."

When asked what has been learned from the pandemic, Minamioka says, "It is necessary to always assume that unexpected situations may occur. We need to prepare for such situations by reviewing the business portfolio." ■



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A Manitou AETJ 180.

REGION FOCUS:

Southeast Asia

Southeast Asia's access equipment sector is as diverse its cultures and is one of the few global regions in which the full spectrum of the access industry's differing maturity levels is fully played out.

At one end of the spectrum, the island city-state of Singapore is a long-established access nation, with advanced safety standards and an impressive fleet of around 15,000 aerials, considering its relatively small human population of 5.8 million.

Just a few years ago, Singapore would have been considered the only country in the region to have an access industry of any real note. However, as has transpired in China with its meteoric growth of recent years, the conditions in Southeast Asia are advancing towards the alignment of factors that helped China bloom. Indeed, there are already a number of Southeast Asian countries boasting active and fast-developing aerial platform markets.

Unlike China, which is close to reaching or some would say has reached maturity, there

is some way to go before most countries in Southeast Asia, beyond Singapore, could be considered at that level.

Varying regulations

Kang Han Fei, a leading MEWP expert in the region, as managing director of Manitou Malaysia and formally managing director of distributor Aerial Lift & Equipment, says, "Singapore's large fleet is due to its working height regulations; the country has more regulations than all of the other Southeast Asian countries out together."

Singapore's MEWP sector stretches back to the early 1990s, and the country's maturity means that it has the highest proportions of new equipment in the region, accounting for around 85% of the scissor fleet and some 50% of the boom fleet.

Singapore's Ministry of Manpower (MOM) has strong regulations on the use of MEWPs, including a required operator license from the Workforce Skill Qualification (WSQ) for scissor, boom and vertical mast lift categories. Operators must also undergo a Lifting Platform (LP) test every six months.

Its two largest access rental companies are Galmon and Aver Asia. They have an estimated fleet size of 3,000 - 4,000 units each, which makes up about 40% of the rental market share in Singapore. Galmon only operates in Singapore, while Aver Asia works cross-border in other parts of Southeast Asia.

Vincent Koay, Manitou's product manager for MEWPs for Southeast Asia and formally sales manager at Haulotte Singapore, adds, "2006 to 2007 was when things really got started in Singapore. Once its rules and regulations were in place, we saw huge growth in the MEWP population. That was when rental companies started getting dealerships and bringing the machines in."

Due to its maturity, Singapore's access fleet growth rate has been relatively low over the last five years, in comparison to other Southeast Asian nations, at around 2%-3% year-on-year, particularly in comparison to the newer access markets. Koay says, "Now it is stagnant, particularly in this year of Covid. A

COUNTRY FOCUS:

Indonesia

The country has significant potential. "Based on the number of projects, Indonesia will be one of the next major growth countries of the region," Koay adds, "If you look at the new machines that are flooding into the country, a majority of them are boom lifts."

Like Vietnam, it has a large percentage of boom lifts, making up around 80% of the total fleet. "It has been a boom market for the last few years, and their knowledge of them in country is great." Unlike Vietnam, however, the majority of its access equipment is acquired new, as the country restricts the importation of used equipment via permit restrictions, rather than high import taxes.

On the subject of the country's MEWP fleet growth rate, it is similar to Malaysia, at about 10% year-on-year.

The boom lift culture is developing further, as the areas of work suited to lower level access is still dominated by ladders and scaffolding and other traditional forms of working at height. On the other side of the coin, increasingly advanced construction sites in the country are working at greater heights, are expanding the requirement and pushing for the use of boom lifts as a tool of choice.

Koay says, "In a lot of growth countries, it starts with scissors, then as people become more familiar with powered access, they will go onto boom lifts. But Indonesia is different, they already have a keen understanding of the importance of working at height. So, I think the growth of scissors will happen quickly, is it already has with booms."

Due to the fact Indonesia is made up of thousands of islands, rather than one main landmass, it means the rental model is somewhat different too. "Indonesia is very scattered and there are not many rental companies, rather they tend to be end users."

However, things are set to change as the market for access equipment evolves. "After this year I can see there will some major purchases of equipment and a growth in rental companies as well."

POPULATION **274 million** AERIAL POPULATION **3000**

COUNTRY FOCUS:

Thailand

Thailand is one of the largest economies in Southeast Asia and is therefore seeing steady growth in its MEWP market.

The market started with the construction of Suvarnabhumi airport in 2004, for which a large number of MEWPs were imported. Following the completion of the project, adoption of access equipment in the country was slow and started to grow again some five to six years ago, when safety consciousness rose. It is now one of the fastest growing MEWP populations in the region. The contributing factors for growth are largely based on government infrastructure projects, such as the Greater Bangkok Region MRT system and airport development plan.

It is still very much a used equipment market but there are a notable number of dealers bringing new equipment into the country. "We are looking at very good and steady growth, as it is one of the biggest economies in Southeast Asia and there is a lot of investment."

An estimate of new equipment in the country would be 20%, with 80% being used, and this is moving in the right direction.

The largest rental companies there are BB Rental and D-Rent, which have the same owner and around 700-800 units across the two fleets. Apart from that, there are many small rental companies.

POPULATION **69 million**
AERIAL POPULATION **6000**

lot of people are still unable to work, including on MEWPS, and there is a slowdown in terms of new equipment coming into the market. Plus, rental companies there are selling their equipment into other parts of Southeast Asia."

Another factor affecting regional growth, is that there is only one specialist access rental

COUNTRY FOCUS:

Vietnam

Vietnam's economy has been growing significantly in the last five years, thanks to foreign investment. Therefore, it is easily seeing 10% year-on-year growth in its access industry.

Nevertheless, there has been a drop in recent months due to Covid-19 and there has been a cooling of the economy. Nevertheless, major companies like Samsung and LG are investing heavily in Vietnam for warehousing and logistical centres. This, in turn, is creating a great deal of interest from the Korean rental companies, which are also breaking into the country.

Up until now, domestically Vietnam is known for its many small rental companies, topped by TNC, which has around 300 – 400 units in its fleet.

It may come as a surprise then, that Vietnam is one of the largest used equipment markets in Southeast Asia. Some 80% of the access equipment there is used, with around 90% of those being scissor lifts. However, around 90% of the boom lifts in Vietnam are bought new as the regulations for boom lifts are strict in the country.

POPULATION **97 million** AERIAL POPULATION **8000**



AERIAL POPULATION

SINGAPORE: 15000	PHILIPPINES: 2000
MALAYSIA: 15000 (inc. truck mounts)	INDONESIA: 3000
THAILAND: 6000	REST OF SEA: 1000
VIETNAM: 8000	TOTAL: 49000 - 52000

company that works in more than one country. Aver Asia, which operates in six countries, is the exception. Other companies that operate cross boarder are generalist rental companies, offering a range of other products and lesser numbers of MEWPs, for example JP Nelson.

Used equipment

As a whole, Southeast Asia is a used equipment market, although there are notable exceptions to that fact and the situation is changing. Nevertheless, as the awareness of powered access expands, the region has become a hotbed for used equipment coming in from mature access nations, and this has its consequences. As says Koay explains, "That inflow of used equipment has caused the rental rates to be low."

As discussed throughout this report, the implementation of MEWP safety standards is vital to a healthy and growing market. Unsurprisingly, safety standards, or the move towards them, are at different levels throughout the region.

In Malaysia, immediate neighbour to Singapore, and one of the largest MEWP markets in the region, IPAF is making serious headway and is pushing for regulations to be introduced in the country. There are no specific standards yet but in 2018 IPAF launched Malaysia's guidelines for Safe Use of Mobile Elevating Work Platforms,

A JLG E450 in The Gardens by the Bay park, Singapore.



Covid-19

The Covid-19 pandemic has made itself known across the region in much the same way it has affected the rest of the world and it is being exacerbated by pre-existing challenges.

According to Koay, the Southeast Asian market slowed down significantly, with a large number of projects being put on hold. “Capex is on freeze at the moment, which is impacting the region a great deal. For example, in Singapore a lot of workers are being quarantined in dormitories. Once they are released, they test positive and go back in. There is no one around to operate the machines. That’s one of the main reasons there is a slowdown in Singapore.”

The situation is similar outside the region’s largest market. Kang explains, “In Malaysia, we have a lot of rental companies that have cut back on their capex, because of cashflow issues and the postponement of projects. Many of the workers are also not allowed to go back to those projects yet and that is in addition to the slowdown in those projects.”

Vietnam is affected in the same way, although the weakening economy last year, before the pandemic struck, was also a factor. Koay adds, “If you look at MEWPs there has been a slowdown since last year because of slowdown in the economy.”

The challenges are added to by the fact that, in general, credit is not easily accessed by rental companies in Southeast Asia. “It’s not easy to get hold of capital, and they depend on rental revenues for the cashflow to buy equipment.”

Will this situation change? Koay says, “I think people are changing their mindset and looking at depreciation rather than cashflow. Nobody knows what MEWPs are yet, but the finance companies are starting to learn.”

It is this combination of educating populations and the institutions around them, allowing them to see the investment possibility in MEWPs, particularly new ones, followed by the understanding of total cost of ownership and that a larger initial investment pays out in the long term. Again, these are all lessons, that along with safety regulations and the cost of labour, among others, create an increasingly favourable environment for the access industry, along with its rental sector to grow.

Back on the subject of Covid-19, when does it seem likely the region will be ready to push forward again with some of these growth fundamentals? “We are hoping things will go back to normal by 2021. There are signs of recovery and people cannot hold on to their investments forever.”

It may also come as a surprise that the coronavirus may even provide some assistance to the industry. “Covid-19 is bringing more awareness to these countries about health and safety. This will affect the business in a positive way”.

in partnership with the MBAM (Master Builders Association of Malaysia), CIDB Malaysia and the Malaysia Department of Occupational Safety and Health (DOSH).

MBAM already offers a range of courses for scaffolding erection, as well as wider construction-related training and initiatives, and now also offers a MEWPs for Managers course in collaboration with IPAF.

This is helped by the Malaysian rental companies, which are cooperating in this area and working closely to develop best practice in the industry.

Gaining acceptance

More widely, the construction and other industries are just starting to get used to the idea of self propelled boom and scissor lifts and, therefore, their regulations in this area

are generally non-existent. But, again, there are anomalies. For example, the Philippines, like Singapore, has a requirement for regular equipment inspection.

And there are pockets of potential elsewhere too. In Indonesia, for example, there is a requirement to pay additional taxes for used machines. While this has no immediate connection to standards, it has led to an influx of new access equipment, which in turn are likely to be in good condition and safer, therefore promoting the industry.

Indeed, it is the cost of powered access equipment new or otherwise, which can be a sticking point. Where you have scaffolding and rope access as the mainstay of working at height, investment in MEWPs represents a major outlay that cannot be clawed back. For example, Koay says, “In Vietnam, where local

COUNTRY FOCUS:

Malaysia

Malaysia is in some ways typical of an emerging access nation, yet it has unique elements of its own. Notable is its large truck mount market, which until recently has been the dominant working at height equipment in the country. In Malaysia there are 6,000 to 8,000 working truck mounts.

Because of the increasing labour costs the truck mount is slowly being replaced by the boom lift. Kang says, “That means the Malaysian market will be very big for booms. In time most of those truck mounts will give way to self propelled boom lifts.”

And, the country already has a more mature mix of scissor and boom lifts than other Southeast Asian nations, standing at around 70% scissors and 30% boom lifts. The country’s turnaround towards majority has happened relatively quickly. In April 2018 a product mix study found that boom lifts made up 45% of the MEWP population, compared to 55% scissors. In 2015, a similar survey found that booms outsold scissors.

Split into equipment that is bought as used or new, Fai believes the percentage is around the same; 70% to 30%, in favour of new. However, looking at boom lifts on their own, there is a higher proportion of used equipment than new equipment.

“Malaysia was the dumping ground for US and Australian machines but people are slowly getting into new machines, particularly electric scissors,” says Kang.

“The Malaysian market has been growing 8%-10% for the past few years but it has been affected by and is very sensitive to this crisis. Looking at the numbers for new machines, we will not see any increase this year.”

As such the market is likely to grow by less than 5% in 2020. “We are hoping it will be back to a normal 10% growth next year. But Malaysia has more problems than market confidence, there are political problems too.”

Just before the Covid-19 outbreak in Malaysia earlier this year, the country saw a change in government, with a very slim majority. Lai believes there could be a snap election at any time, which is hitting confidence and causing continuing delay to infrastructure projects.

Those projects include a planned east to west railway line across the country but the political conditions have caused it to be put on hold. Its route was changed by the previous government and then changed again in March this year by the latest government.

It means there is pressure on Malaysia’s estimated 50 access equipment rental companies, in combination with falling rental rates.

Malaysia’s largest rental company is TH Tong Heng Machinery’s, with its close to 1,000-unit fleet. “The problem is the rental price came down fast before the market grew. Usually, in an emerging nation, the rental rate is stable but here it has dropped before it has moved into major growth.”

The result is that new equipment entering the market will be confined to scissors, because the lowering rental prices do not accommodate more expensive items like self propelled booms, specifically new ones.

There is an additional interesting trend, observes Koay. Equipment buyers are now looking beyond brands and concentrating more on machine specifications that are relevant to them, which will ultimately bring more competition to the market. “They now know what machines they need, rather than being brand conscious.”

POPULATION **32 million** AERIAL POPULATION **15000** (inc. truck mounts)



labour is very low, hiring a MEWP is very costly in comparison.”

Kang adds, “Life is cheap; being safety conscious is the biggest challenge. But rules and regulations will be the driving force in Southeast Asia for access.”

That will be coupled with the growing realisation of the benefits surrounding the use of MEWPs. “In China, access is booming. If we are looking at 150,000 MEWPs in China now, we could be looking at the same in Southeast Asia quite quickly.”

The roles of digital technologies like telematics will also play a role in helping the MEWP sector to be adopted. Koay says, an awareness of MEWPs is also being established in construction companies that work across the region, now that fleet management systems, like Manitou’s, can provide the connectivity required to follow their assets over a large network. “These total solutions, along with total cost of ownership (TCO) for customers is part of the future growth of the industry.”

Manitou’s divisions in Singapore and Malaysia, combined with its current dealer network of 12 across Southeast Asia, are

A Haulotte HT43RTJ Pro at construction of Samalaju Industrial Park, Malaysia.

COUNTRY FOCUS:

Philippines

The Philippines, like Indonesia, has consistent and stable growth, compared to Vietnam or Malaysia. There is significant growth in infrastructure and other projects in these countries. And like Indonesia, it is scattered through its many islands, which has hindered the growth of the rental sector and much of its MEWP industry takes place through dealers, like the T1 Rental.

POPULATION 109 million
AERIAL POPULATION 2000

helping to spread that message. “And we are talking to rental companies to ask what they need, then our distributors will offer their support with this.”

Rest of Southeast Asia

Beyond the countries mentioned here, others in the region, like Cambodia and Laos, are not likely to see major growth in the near future.

“Based on our data and their maturity, for the next two or three years we don’t expect them to have a very rapid growth. The labour cost is the main reason, as they still depend heavily on cheap labour.”



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Eric Hunziker, CEO, Maltech AG

INTERVIEW:

RentEase

RentEase is a leading domestic rental company in India. Its managing director **Meghraj Singh**, and CEO, **Vipul Kumar Tulsian**, explain the market.



As in many other countries, Covid-19 has caused major projects in India to be put on hold, which, in turn, has affected the access industry. However, the recovery rate since the country's nationwide lockdown in March has been high, particularly as migrant workers, who moved back to their native homes during the initial weeks of the pandemic, have now returned to their jobs in India.

An important factor in India's young access market is, with a total MEWP population of around 10,000 units, it is not yet even considered to be an emerging market. Therefore, economic and health crises that disrupt mature industries have less direct relevance.

Rental rise

Nevertheless, the pandemic has had an impact on the MEWP sector. Meghraj Singh, managing director of RentEase, India's first homegrown specialist access rental company, says rental revenues in the country have been hit by 35% - 40%, compared to last year.

Singh comments, "The situation is again under control and as far as utilisation is concerned that is coming back. Also, there is tremendous pressure to complete the projects that got delayed due to lockdown. This will definitely boost the market. "Although," he adds, "Collection of money owed and rental rates are a still a big problem."

Singh believes it may take two years for the

access equipment market to return to the kind of growth it was seeing last year but when that time comes, exponential growth is inevitable. In 2010, when he entered the market, there were 800 to 900 access platforms in India. "I said then that the number of units would grow ten times over the next ten years and here we are in 2020 with a total number of units, in my opinion, standing at more than 10,000."

"Access has grown in leaps and bounds but we still have a lot of catching up to do. These numbers in India are tiny when you look at the geography of the market," Singh continues, "The entire country is underdeveloped. People are not aware of the efficiency and productivity that can be found from using access platforms."

Major in India

Manlift is the only international rental company operating in India, and while others have entered the market in previous years, they have decided to leave. Now may be the time for global players to try again.

The company, part of the Riwal group, operates in the UAE, Qatar and India. Manlift has carved out a successful business in India, offering a fleet of 1,300 MEWPs in the country, which is the largest by far. David King, group managing director of Manlift, estimates there are around 7,000 working units in the country.

"I know others have tried and for whatever reason it has not worked out but we have stuck it out in what

is an embryonic market. It has a long way to go."

Manlift's product mix in India covers the full range, including boom lifts, which makes up 54% of the fleet. King explains that the market is evolving to big booms, which are now in great demand, and that is where the Manlift fleet is also shifting.

Longterm, India is destined to move away from its extensive use of rope access and scaffolding, as a result of ultra-cheap labour, to eventually offer the same fleets as mature markets. Before the country arrives at that point it has yet to reach what King would describe as an emerging market, "For India to develop into an emerging market, would be a milestone."

However, that day will come, and King believes there could be 30,000 to 50,000 MEWPs in India within the next five years, "If you get some more big players," he adds.

Manlift is growing 10%-20% annually, and while other large companies are likely to arrive, King believes, they will mainly be homegrown, particularly on the production side. "As happened in the automotive industry, Indian companies started joint ventures with importers, then the industry became domestic. I think this is the way it will go.

"In five or ten years, they will be building scissor lifts to capture a certain segment of the market, and they will produce in conjunction with major international manufacturers."

King says the traditional manufacturing names of JLG, Genie, Haulotte and Skyjack are dominant in the market, although some rental companies in the country are experimenting with products from Chinese manufacturers. "Ultimately, it's a very price conscious market, and it is this factor that will shape the future. The price will be the big equation and that is why production will go domestic."

Linked to that point is import duties; a product produced in India would cut its price by 20% from the outset, even though duties have been lowered in recent times.

Fleet revisions

King is a strong advocate of new equipment entering the market. "Some of the new players in India have bought new machines, which has really helped the industry. I get a buzz from that because it ups the game and everyone has to get in line."

In reality, while there has been an uptick in new machines, King forecasts an increase in used equipment in the short term as start-up companies avoid the costly import duties on new products.

Manlift's fleet in India is about eight or ten years old, on average – significantly higher than its fleet in the UAE and Qatar, although it is getting younger. "However, you see machines operating in India that are 15-16 years old," King adds.

Rental rates are also under pressure. As projects





Vipul Kumar Tulsian (left), CEO, and Meghraj Singh, managing director, of RentEase.

Based on that, the only way is up, “If you ask me now, my answer is the same, it could multiply by 10 times over the next 10 to 12 years.”

This growth will come as a result of the usual conditions required for a powered access market to emerge; notably safety standards and an insistence on adhering to them, along with the realisation of the benefit of MEWPs, combined with increasing labour costs. All these, among others, are progressing in the country. “Once education standards start increasing, which they are, the labour costs will rise further”. In addition, “The government is pushing infrastructure in India, and we are now seeing many foreign companies investing

restart, following the challenges of Covid-19 but are not yet at full tilt, start-up rental companies, keen to get their equipment onsite, are offering lower rates. King adds, “In last three months, we have seen a deterioration on pricing. We think that’s going to continue this year and the first quarter of next year, then we anticipate an upturn.” This will be a result of high demand, with under supply leading to a price increases.

An extra hurdle is India’s vast geography, and its fledgling MEWP market, which means jobs are spread far and wide. To counter this, Manlift has its Indian headquarters in Delhi, to the north, which it is set to expand with a new 20,000 square metre facility in the next 18 months, and has branches to the west and south of the country.

One of the differences compared to its operations in the Middle East is that all MEWPs are supplied with an operator, which is the custom in India. While that has its challenges, it also means there is a certainty that they understand the machines and are likely to look after them. Manlift works closely with IPAF and has its own connected inhouse programmes for the operators it employs.

The relatively new access equipment association in APAOI, of which Manlift is a member is also making headway. “It’s a good organisation and they have good members, and it’s a sign of things beginning to happen.”

in the country. India is moving closer towards developed countries in its mechanisation and safety standards of its industries and guidelines are becoming more stringent,” Singh explains.

As of now, there are no official working at height standards in the country but there is an active move by the industry to change that, through lobbying the National Safety Council of India to put relevant safety legislation in place. One of the organisations in India taking up the challenge is the Aerial Platform Association of India (APAOI), of which Singh is president. “In reality, this is not something that is going to happen very quickly. That is why we started APAOI, to place the interests of the access sector before the government.”

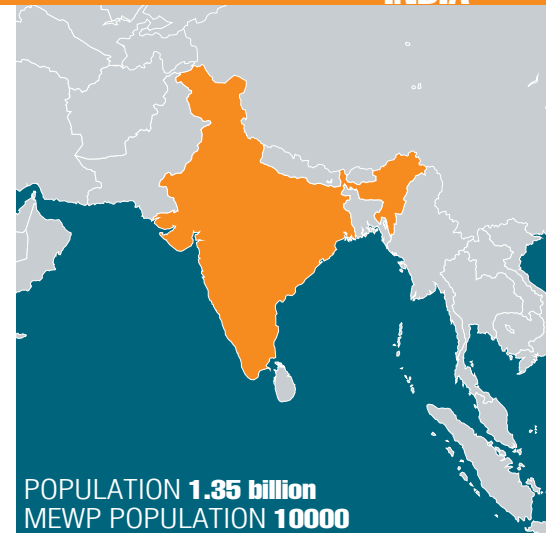
Crane tradition

Despite a lack of development across India’s access industry, there are a considerable number of rental companies offering the equipment; certainly around the 100 mark, but possibility as many as 200. However, 70% of the market is driven by the top 15 rental companies. The largest of those is Manlift, being the only international rental player in India, with its 1,300 units in the country, followed by RentEase, which has a fleet of 511 units, 300 of which are electric scissor lifts. Yet, RentEase is a rarity in India. Only a handful are specialist access rental companies, with the vast majority specialising in cranes and offering used boom lifts as a complementary product.

Singh says the only way for the market to truly flourish will be the arrival of more established overseas rental companies. Some ten years ago, when Manlift entered India, there was a flurry of interest from other international rental companies, but Singh believes it was too soon, and Manlift is the only one to have stayed.

“The message they took home was that India is not good for a professional access business. But the market needs those experienced companies to help it develop. If more enter, the market will become mature much more quickly than is currently expected now.”

The Indian MEWP sector is driven by used equipment – accounting for around 90% of the country’s fleet – and, as previously mentioned, was first introduced to the country by crane rental companies, which are now



the main providers of this equipment. Until quite recently, there had been no companies specialising in access rental business.

“They realised they were getting a much higher return on investment with the access business, that is why they bring them in to their fleets,” says Singh.

The proportion of scissor and boom lifts is also out of synch with mature markets, and India is dominated by the latter. “Crane related rental companies are working on projects of 120ft and higher, so this is where the access market has existed, but now we are introducing electric scissors, and pushing for safety legislations.”

Changing market

The move to electric scissors has also seen a rise in new equipment in the last three years and Singh believes new MEWPs will have a 30% market share over the next five years.

Being one of the pioneers of the scissor lift market in India, since the company’s launch in 2017, RentEase recently placed an order for 100 electric scissors from Haulotte, which is the largest order of new electric scissors by a company founded in India. It means RentEase’s fleet is now 60% scissor lifts. “This deal was a gamechanger of the access market in India,” says Singh, and it brought the company’s fleet of Haulotte electric scissors to 200.

RentEase now plans to grow its electric and hybrid offering, and become an expert in this growing niche. “We want to create awareness of >



it and grow the segment in the Indian market.”

The used equipment culture makes it difficult for manufacturing to get started in the country.

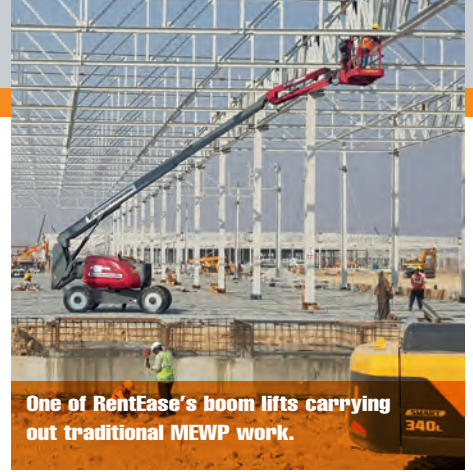
JCB recently began producing electric scissors in India at one of its existing factories and there is talk from one or two other global manufacturers of a potential move towards facilities in the future. Beyond that, there is little domestic access equipment manufacturing, and where it is exists, it is on a very small scale.

In summation, it means there is no organised structure for access equipment or sales of it in the market. “That makes it difficult for access equipment manufacturers in India. Once the country becomes a new equipment market, it will be very different for the major players.”

As Singh points out, the potential is there to be seen. Most Indian cities are adopting metros and there are 130 airports under construction in the country. However, as of now, transportation is a considerable challenge. There are 29 states in India and each has its own set of regulations and taxations.

The situation is changing, albeit slowly, says Vipul Kumar Tulsian, RentEase’s CEO, with the government moving towards national, business-friendly reforms, which, in turn, will help infrastructure development.

These nationwide inconsistencies are reflected by access equipment rental rates. “In some regions, where there are fewer rental companies and therefore less competition, the rates are quite good. While, in other areas there



One of RentEase’s boom lifts carrying out traditional MEWP work.

may be many small companies with very low operating costs. “There’s no specific rates as nothing is organised.”

Joint working

Tulsian continues, “This country needs more rental companies with larger fleets.” One of the answers is through consolidation of the many small existing rental companies. Moreover, there must be collaborative working across the domestic industry. It will happen if we all join hands and become a more organised business.”

Tulsian adds, “Once a market structure is in place, the country will also become attractive as a manufacturing centre.”

The advantages of domestically produced equipment is relief from import duties, which amount to 10% of the cost of equipment, plus an extra 2% custom charges. “That will reduce the cost of owning the equipment, which means the market will increase.”

Association on the scene

The Aerial Platform Association of India (APAIOI) was set up two years ago to protect the interests of users, suppliers and manufacturers of aerial platforms, and to help build sustainable growth in the industry.

The strength of APAIOI is increasing each year. It is led by its president Meghraj Singh, who is also managing director of access specialist RentEase. He has just been re-elected for a second two-year term as president.

APAIOI’s membership represents around 70%-75% of India’s rental fleet. The next step is to encourage smaller rental players to join the association. Singh says, “I have taken it as a personal challenge to bring them together on the same platform so that they can all understand the industry.”

One of APAIOI’s aims is to eradicate state-to-state taxes and regulations and has already made inroads. In one state APAIOI has effectively ended taxation on goods, with the help of automobile association ARAI.

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